WEEKLY ECONOMIC REVIEW

July 14, 2006

On Tuesday, the Bank of Canada decided to keep interest rates unchanged at 4.25 per cent, the first pause following seven consecutive increases since September 2005. According to the Bank, the current level of interest rates appears to be "consistent with achieving the inflation target over the medium term" indicating that the Bank is done with its tightening cycle for the near term. Following the announcement, the Canadian dollar fell 1.1 cents, and closed the week at 88.7 cents.

Housing starts in Alberta this year are likely to surpass the previous record of 47,925 starts set in 1978. In the first six months of 2006, Alberta has averaged an annual pace of 49,500. Along with strong housing starts data, Alberta's new house price index rose by 38.4 per cent in May, compared to the same month last year. Among Canada's major metropolitan areas, Calgary showed the largest growth (+41.3 per cent), and Edmonton the second largest (+24.4 per cent). Canada's new house price index was up 9.4 per cent from May 2005, the largest growth in more than 15 years.

Cdn Dollar (C¢/US$)

July 14, 2006	88.7¢
July 7, 2006	89.8¢
2006-07 YTD	89.2¢

WTI Oil SUS/bbl

July 13, 2006	$76.70
July 6, 2006	$75.14
2006-07 YTD	$71.20

Nymex Natural Gas CS/mcf*

August Contract

July 14, 2006	$7.02
July 7, 2006	$6.23

*Estimate based on Nymex Futures Market Price

Between 1999 to 2005, Calgary experienced 64.4 per cent growth in head office employment, the strongest among the four major cities and well above Canada's growth of 10.7 per cent. Calgary has now surpassed Vancouver as the second leading head office centre, behind Toronto.

Continued geopolitical tensions, along with the escalation of conflict between Lebanon and Israel sent oil prices soaring this week to a record of US$76.7/bbl. The year-to-date fiscal average of US$71.2/bbl is up over 30 per cent from the same period last year.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date[1]
Housing Starts[2]	**June**			
Alberta	51,900	3.6%	49.6%	25.5%
Canada	232,200	4.5%	-2.6%	6.1%
New House Price Index (1997=100)	**May**			
Alberta	202.0	4.5%	38.4%	28.3%
Canada	149.7	1.1%	9.4%	7.9%
Canadian International Trade ($ Millions)	**May**			
Exports	37,003	-0.2%	1.4%	4.5%
Imports	32,934	-0.8%	2.2%	3.3%
Trade Balance	4,069	4.8%	-4.3%	13.0%
Manufacturing Shipments ($ Millions)	**May**			
Alberta	5,154	0.3%	5.9%	9.1%
Canada	50,938	0.3%	0.9%	0.7%

Source: Statistics Canada, Canadian Mortgage and Housing Corporation, and U.S. Census Bureau

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-May 2006 versus January-May 2005*

[2] *Seasonally Adjusted at Annual Rates*